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SUBJECT: HCMC PRIVATE SECTOR JOINS FORCES TO STEM TIDE OF LABOR
ACCIDENTS

¶1. (U) Summary. Vietnam's strict labor safety laws are poorly enforced, allowing a growing epidemic of deadly industrial accidents that is concentrated in the industrialized south. As part of their ongoing corporate social responsibility efforts in Vietnam, AmCham HCMC companies including Intel, ConocoPhillips and other major multinationals have formed the non-profit Vietnam Occupational Health & Safety Environment Alliance (VOHSEA) to promote work safety and increase government oversight. It is still too early to see the results, but American companies are spearheading this effort to increase labor safety law awareness and enforcement. End Summary.

Welders in Sandals and Sunglasses

¶2. (U) Vietnam's strict Standards and Specifications on Labor Safety are poorly enforced. Ministry of Labor, Invalids, and Social Affairs (MoLISA) industrial accident statistics for 2006 paint a troubling picture of deteriorating work safety: a 31 per cent year-on-year increase in the number of labor accidents, a 32 percent increase in the number of victims, and a 12 percent increase in the number of fatalities. The growth in the number of accidents is faster than the growth of Vietnam's industry and construction sector, roughly 17 percent in 2006. Ho Chi Minh City (HCMC) and neighboring Dong Nai province account for 36 percent of Vietnam's industrial accidents. While the absolute numbers are significant -- 6,088 people killed in 5,881 industrial accidents in 2006 -- most experts believe underreporting makes these a lower limit. A stroll past work-sites within blocks of the Consulate provided evidence of the conditions underpinning these grim statistics: welders in sandals and sunglasses or furniture finishers without respiratory or eye protection equipment are common.

Work Safety Packs AmCham Lunch

¶3. (U) An overflow crowd of AmCham business representatives turned out to hear Intel and ConocoPhillips safety officers contrast slipshod local work practices with the zero-tolerance for injury policies they apply to their own workers and sub-contractors world-wide. Numerous AmCham participants then described local sub-contractors who ignored safety regulations, absconded with safety equipment or were otherwise oblivious to their company's "injury-free environment" message. Non-stop questions from the audience on how to instill and maintain a safety ethic in local partners pushed the December 5th meeting into overtime, demonstrating that the topic hit a nerve with the foreign-invested manufacturers and construction industry

representatives present.

Private Sector To The Rescue?

¶4. (U) The formation of the Vietnam Occupational Health & Safety Environment Alliance (VOHSEA), a cross-sector, multi-industry non-profit organization scheduled to begin operation in 2008, was announced at the conclusion of the AmCham meeting. The fledgling organization--consisting to date of Intel, Strategic Marine, Conoco Phillips, Adidas, SeaTag, Cai Mep (Maersk), and Petro Vietnam--plans to promote occupational safety by means of awareness campaigns, information exchange, and training programs. It will also prod local authorities to increase and systematize enforcement of labor safety regulations.

Comment:

¶5. (U) A blend of altruism and self-interest likely motivates the multinational heavy hitters that have joined VOHSEA so far. While firms such as Intel set the gold standard for corporate social responsibility worldwide, unilaterally taking the high road in the regulatory enforcement vacuum that is today's Vietnam places a firm at a competitive disadvantage. By jump-starting the transition to work-safety standards found in more developed economies, VOHSEA hopes to both level (i.e., raise for all participants) the regulatory playing field and reduce the likelihood of a major industrial accident with its attendant mega fines and notoriety. End comment.

¶6. (U) This cable was coordinated with Embassy Hanoi.

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